

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**Gregory Scott  
Edward A. Garvey  
Joel Jacobs  
Marshall Johnson  
LeRoy Koppendrayner**

**Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner**

**In the Matter of Northern States Power  
Company's Petition for Approval of its 1999  
DSM Financial Incentive, Conservation Cost  
Recovery, Conservation Improvement  
Program (CIP) Adjustment Rate,  
Mechanism for Removing Exempted  
Customers from the CIP Tracker, and  
Approval of the CIP Status Report**

**ISSUE DATE: August 30, 2000**

**DOCKET NO. E,G-002/M-00-448**

**ORDER APPROVING TARIFF PAGES,  
GRANTING VARIANCES, AND  
APPROVING INCREASE IN CIP  
SPENDING**

**PROCEDURAL HISTORY**

**On April 24, 2000, the Commission consolidated into this proceeding three Northern States Power Company petitions dealing with rate recovery of conservation-related expenses. Those petitions are described below, in the order they were filed.**

**On March 20, 2000, the Company filed a petition to revise its Conservation Improvement Program (CIP) adjustment factor, the billing factor it uses to calculate and pass through each customer's share of the Company's conservation-related expenses in excess of those built into base rates.**

**On March 27, 2000, the Company filed a petition to revise its gas and electric tariffs to reflect statutory changes permitting the Commissioner of Commerce to exempt certain large customers from contributing to the CIP program.**

**On April 11, 2000, the Company filed a petition seeking**

- (1) rate recovery of its 1999 CIP expenditures;**
- (2) rate recovery of financial incentives earned in 1999 under its Commission-approved demand-side management financial incentive program;**
- (3) rule variances permitting it to combine the CIP adjustment with the fuel clause adjustment on customers' bills; and**
- (4) authorization to increase its CIP spending in the year 2000 by the amount of a 1999 CIP spending shortfall.**

**On July 31, 2000, the Commission issued an Order taking the following actions:**

- (1) approving a revised CIP adjustment factor of .68%, effective for all bills issued on or after August 1, 2000;**
- (2) approving a new Conservation Cost Recovery Charge credit of .0847cents per kilowatt hour, to be applied to the bills of CIP-exempt customers, applicable for all bills issued on or after August 1, 2000;**
- (3) approving for inclusion in the Company's CIP tracker account its claimed CIP expenses for 1999 and its claimed financial incentives for 1999; and**
- (4) requiring a plan for returning to ratepayers all amounts previously over-collected under the CIP rate adjustment (other than amounts under appeal) and soliciting comments on the plan from interested parties.**

**On August 17, 2000, the Commission met to take formal action on the remaining issues:**

- (1) the request for approval of revised tariff pages;**
- (2) the request for rule variances permitting the Company to combine the CIP adjustment with the fuel clause adjustment on customers' bills; and**
- (3) the request to increase CIP spending in the year 2000 to make up for a spending shortfall in 1999.**

## **FINDINGS AND CONCLUSIONS**

### **I. Tariff Pages Approved**

**The Company filed tariff pages to implement new legislation authorizing the Commissioner of Commerce to exempt certain large customers from contributing to the CIP program.<sup>1</sup> The Company proposed to apply a credit to the bills of these customers, subtracting the portion of the bill attributable to CIP expenses.**

**The Department of Commerce (the Department) examined the tariff pages and recommended approving them as in compliance with statutory requirements. The Commission agrees and will approve them.**

### **II. Variances Granted**

**The Company seeks the renewal of two rule variances to permit it to continue combining the CIP rate adjustment and the fuel clause rate adjustment on customers' bills. The combined adjustment appears on customers' bills as the "resource adjustment."**

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<sup>1</sup> Minn. Stat. § 216B.16, subd. 6b; Minn. Stat. § 216B.241, subd. 1a.

The two rules which are currently varied are Minn. Rules 7820.2500, subp. k and Minn. Rules, 7825.2600. The first requires separate itemization of the fuel clause adjustment on customers' bills; the second requires stating the fuel clause adjustment on a per-kWh basis on customers' bills. The Department recommended renewing the variances.

Under Minn. Stat. § 14.05, subd. 4 and Minn. Rules 7829.3200, subp. 1 the Commission may vary any of its rules upon making the following findings:

- (1) enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- (2) granting the variance would not adversely affect the public interest; and
- (3) granting the variance would not conflict with standards imposed by law.

The Commission finds that these requirements continue to be met. First, enforcing these rules, and requiring the Company to itemize the two rate adjustments separately, would impose an excessive administrative burden on the Company. Not only would the Company have to reformat its bills; it would have to field calls from customers long accustomed to seeing the two charges combined.

Second, granting the variance and continuing to combine the two rate adjustments would not adversely affect the public interest. NSP will continue to provide a full explanation of the combined adjustment, including its sources and how it is calculated, to any customer who asks. The rules' interest in full disclosure will therefore continue to be served.

Finally, granting the variance and continuing to combine the two rate adjustments does not conflict with any standard imposed by law. The itemization requirements at issue are found only in rules, not in statutes, and can therefore be lawfully varied under Minn. Stat. § 14.05, subd. 4.

The Commission will therefore grant the requested variances to Minn. Rules 7820.2500, subp. k and 7825.2600.

### **III. Amounts Booked to Tracker Account Clarified; Additional CIP Expenditures Authorized**

In the interests of clarity, the Commission will state that the amounts NSP is authorized to book to its tracker account under the July 31 Order are \$30,205,998 in CIP expenses for 1999 and \$1,206,495.50 in earned financial incentives for 1999.

Finally, the Company's 1999 CIP expenditures were \$309,000 short of statutory requirements.<sup>2</sup> The Company offered to do either of two things: (1) deposit that amount in

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<sup>2</sup> Minn. Stat. § 216B.241, subd. 1a (3).

**the state energy and conservation account, or (2) add that amount to its 2000 CIP expenditures. The Department**

recommended adding the money to the Company's 2000 CIP expenditures. The Commission concurs in the Department's judgment and defers to its expertise as the administrator of the CIP program.

The Commission will so order.

#### **ORDER**

1. The Commission approves the revised tariff pages filed by the Company on March 27, 2000 to implement new legislation authorizing the Commissioner of Commerce to exempt certain large customers from contributing to the CIP program.
2. The Commission varies Minn. Rules 7820.3500, subp. k and 7825.2600 to permit the Company to continue combining the CIP rate adjustment and the fuel clause rate adjustment on customers' bills.
3. The amounts the Company is authorized to book to its CIP tracker account under the July 31 Order in this docket are \$30,205,998 in CIP expenses for 1999 and \$1,206,495.50 in earned financial incentives for 1999.
4. The Commission authorizes the Company to add \$309,000 to its 2000 CIP budget to make up the shortfall in its 1999 CIP expenditures.
5. The Company shall file properly executed tariff pages reflecting the decisions made in this docket.
6. This Order shall become effective immediately.

**BY ORDER OF THE COMMISSION**

**Burl W. Haar  
Executive Secretary**

**(S E A L)**

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